

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY ATHENS

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY BERN

AMEMBASSY STOCKHOLM

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY MADRID

AMEMBASSY ANKARA

AMEMBASSY WELLINGTON

AMEMBASSY OSLO

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E.O. 11652: N/A

TAGS: ENRG, IEA

SUBJECT:ENERGY: IEA CONSERVATION MEETING OF JULY 11-12

1) THE IEA SUBGROUP ON ENERGY CONSERVATION MET ON JULY 11-12' AND CONSIDERED THE FOLLOWING AGENDA ITEMS: A. EVALUATION OF ENERGY DEMAND FORECASTS, B. EXPERTS MEETING ON DISTRICT HEATING, C. EXPERTS MEETING ON INDUSTRIAL ENERGY CONSERVATION, D. ANALYSIS OF UTILITY RATE STRUCTURES, E. USE OF MUNICIPAL AND INDUSTRIAL WASTE, AND F. COST AND SAVINGS OF ENERGY CONSERVATION IN THE BUILDING SECTOR.

2) ENERGY DEMAND FORECASTS:

THE SUBGROUP AGREED THAT IN DEVELOPING ENERGY DEMAND FORECASTS IT IS IMPORTANT THAT THE PARAMETERS CHOSEN CORRECTLY DESCRIBE ENERGY DEMAND, BE PREDICTABLE AND MEASURABLE, HAVE SOME DEGREE OF VARIABILITY OVER TIME (TIME SERIES) OR SPACE (CROSS SECTIONAL), BE INDEPENDENT OR THEIR INTERDEPENDENCE BE APPROPRIATELY CHARACTERIZED, BE KEPT TO A MINIMUM CONSISTENT WITH THE LEVEL OF DETAIL NEEDED, AND BE SPECIFIC AND SENSITIVE TO THE PURPOSE FOR WHICH THE FORECAST IS DESIGNED.

THE SUBGROUP DECIDED THAT ASSUMPTIONS ON WHICH IEA MEMBER COUNTRIES' ENERGY DEMAND FORECASTS ARE BASED SHOULD BE CLEARLY DETERMINED AND EVALUATED. THE MOST IMPORTANT VARIABLES IDENTIFIED WERE POPULATION, GDP, ENERGY PRICES, AND CONSERVATION MEASURES. THE SUBGROUP UNCLASSIFIED

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ADOPTED THE FOLLOWING INDICATORS TO EVALUATE DEMAND FORECASTS: CHANGE IN ENERGY DEMAND OVER TIME, RELATIVE CHANGE IN TPE/GDP RATIO, ENERGY ELASTICITY WITH RESPECT TO GDP, AND TPE/CAPITA. THE SECRETARIAT WILL PREPARE FOR CONSIDERATION BY THE SUBGROUP AT THE NEXT MEETING A PAPER ON EVALUATION OF ENERGY DEMAND FORECASTS INCLUDING AGGREGATE AND SECTORAL ANALYSIS.

3) EXPERTS MEETING ON DISTRICT HEATING:

REPRESENTATIVES OF TWELVE COUNTRIES TOOK PART IN A MEETING ON DISTRICT HEATING AND LOCAL ENERGY PLANNING ON MARCH 24-25. THE MEETING WAS CHAIRED BY MR. GRADIN OF SWEDEN. GENERAL CONCLUSIONS RESULTING FROM THE MEETING INCLUDED:

1. THERE ARE GOOD POSSIBILITIES FOR REDUCING PRIMARY ENERGY CONSUMPTION IN THE IEA BY DISTRICT HEATING AND THE COMBINED PRODUCTION OF HEAT AND ELECTRICITY THOUGH INTEREST IN AND USE OF SUCH SYSTEMS VARIES ACCORDING TO CLIMATE, LOAD DENSITY, AND COMPETITION WITH OTHER ENERGY SYSTEMS.

2. DISTRICT HEATING AND COMBINED PRODUCTION PROVIDE OPPORTUNITIES FOR INTERFUEL SUBSTITUTION AND ARE VALUABLE FROM AN ENVIRONMENTAL STANDPOINT.

3. EXTENSIVE COOPERATION IN THE IEA TO PROMOTE DISTRICT HEATING IS UNLIKELY AT THIS TIME THOUGH CONTINUING EXCHANGE OF INFORMATION REGARDING ITS POTENTIAL FOR ENERGY CONSERVATION WOULD BE USEFUL.

THE SUBGROUP AGREED TO EXAMINE A NUMBER OF CASE STUDIES OF SUCCESSFUL IMPLEMENTATION OF DISTRICT HEATING SYSTEMS TO BE PROVIDED BY SWEDEN, DENMARK, CANADA, AND SWITZERLAND. THE UNITED STATES WILL PROVIDE A SHORT
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PAPER ON THE PRINCIPLE REASONS WHY DISTRICT HEATING IS NOT USED MORE EXTENSIVELY. THE SECRETARIAT WILL ALSO ANALYZE REPLIES TO THE SLT QUESTIONNAIRE ON THIS SUBJECT.

4) INDUSTRIAL CONSERVATION:

REPRESENTATIVES OF FOURTEEN COUNTRIES TOOK PART IN A MEETING OF EXPERTS ON ENERGY CONSERVATION IN INDUSTRY

HELD ON MAY 5-6. THE PURPOSE OF THE MEETING WAS TWO-FOLD: (A) TO EXCHANGE INFORMATION AND EXPERIENCE ON NATIONAL PROGRAMS FOR INDUSTRIAL ENERGY CONSERVATION AND (B) TO FORMULATE POLICY RECOMMENDATIONS FOR GOVERNMENT ACTION TO STIMULATE INDUSTRIAL ENERGY CONSERVATION IN IEA COUNTRIES. RECOMMENDATIONS RESULTING FROM THE MEETING INCLUDE:

1. ADOPTION OF REPORTING OR AUDITING SCHEMES FOR ENERGY-INTENSIVE INDUSTRIES;

2. MAKING FINANCIAL AND FISCAL INCENTIVE SCHEMES SUFFICIENTLY ATTRACTIVE TO BRING ABOUT WIDE INDUSTRY PARTICIPATION;

3. ESTABLISH SPECIAL GOVERNMENT UNITS OR SUBSIDIZE CONSULTANTS FOR ADVICE AND TECHNICAL ASSISTANCE TO SMALL AND MEDIUM-SIZED INDUSTRY;

4. INFLUENCE UTILITIES TO TAKE A POSITIVE ATTITUDE TOWARDS INDUSTRIAL COGENERATION (HEAT/POWER) THROUGH PROVIDING FAIR RATES FOR SURPLUS AND BACK-UP POWER;

5. INDUSTRIAL RESTRUCTURING POLICIES SHOULD BE BASED
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ON MANY CONSIDERATIONS INCLUDING ENERGY CONSERVATION.

MOST ESTIMATES MADE BY EXPERTS ATTENDING THE MEETING
PUT THE INDUSTRIAL ENERGY SAVINGS POTENTIAL BY 1985
AT 10 TO 20 PERCENT OF INDUSTRIAL ENERGY CONSUMPTION.

THE SUBGROUP DECIDED THAT THE PAPER ON INDUSTRIAL CON-
SERVATION WAS NOT PUBLISHABLE IN ITS PRESENT FORM AND
RECOMMENDED THAT AN ADDITIONAL THREE-DAY MEETING OF
EXPERTS BE HELD LATER THIS YEAR. THE FIRST DAY OF
THE MEETING WILL CONCENTRATE ON ENERGY AUDITING WHILE
THE LATTER TWO DAYS WILL BE ON MORE GENERAL INDUSTRIAL
CONSERVATION MATTERS. THE CHAIRMAN WILL PROVIDE A
GUIDELINES PAPER FOR THIS MEETING.

5) UTILITY RATE STRUCTURE:

ELECTRICITY TARIFF STRUCTURES VARY WIDELY AMONG IEA
COUNTRIES AND EVEN WITH CERTAIN COUNTRIES. SOME
FOUR COUNTRIES, ITALY, IRELAND, JAPAN, AND NEW ZEALAND
HAVE ADOPTED PROGRESSIVE ELECTRICITY TARIFF STRUCTURES
WHILE OTHER COUNTRIES HAVE STARTED USING PEAK LOAD
PRICING AND DOING AWAY WITH DECLINING BLOCK RATES.

THE SUBGROUP AGREED THAT A STUDY ON ELECTRICITY TARIFF
STRUCTURES SHOULD BE INITIATED GIVEN THE COMPLEXITY
AND CONFUSION SURROUNDING THE SUBJECT AND ITS POTENTIAL
FOR CONSERVING ENERGY. COUNTRIES WERE ASKED TO SUBMIT
BACKGROUND INFORMATION ON THEIR TARIFF STRUCTURES TO
THE IEA BY SEPTEMBER 15 FROM WHICH THE SECRETARIAT WILL
PREPARE AN ISSUES PAPER.

6) USE OF MUNICIPAL AND INDUSTRIAL WASTE:

THE SUBGROUP AGREED TO MONITOR ONGOING ACTIVITIES
RELATING TO THE RECOVERY OF ENERGY FROM MUNICIPAL
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AND INDUSTRIAL WASTE BUT AGREED THAT A FORMAL STUDY ON
THESE MEASURES WAS PREMATURE.

7) COST AND SAVINGS OF ENERGY CONSERVATION IN THE
BUILDING SECTOR:

BASED ON MEMBER COUNTRY SUBMISSIONS, THE SECRETARIAT

PREPARED A PAPER ON COST AND SAVINGS OF ENERGY CONSERVATION IN THE BUILDING SECTOR WHICH CONCLUDED:

1. INVESTMENT COSTS PER DAILY BARREL OF OIL EQUIVALENT OF ENERGY SAVED WERE FOUND TO BE HIGH RELATIVE TO INVESTMENTS IN ENERGY SUPPLY THOUGH CONSERVATION INVESTMENTS HAD LONGER PAYOFF PERIODS AND LESS ASSOCIATED COSTS (E.G., DELIVERY SYSTEM);
2. MOST OF THE NEW BUILDING CONSERVATION PROJECTS WERE ESTIMATED TO BE PROFITABLE ASSUMING AN INTEREST RATE OF 8 PERCENT WHILE ONLY FOUR OF THIRTEEN EXISTING BUILDING PROJECTS WOULD BE PROFITABLE;
3. TOTAL IEA ENERGY SAVINGS BY 1985 THROUGH APPLICATION OF NEW THERMAL STANDARDS AND RETROFITTING WERE ESTIMATED AT 23 MTOE;
4. BUILDING CONSERVATION MEASURES WILL HAVE BENEFICIAL ENVIRONMENTAL, BALANCE OF PAYMENTS, AND EMPLOYMENT EFFECTS AND MAY IMPROVE COMFORT LEVELS WITHIN BUILDINGS.

MANY DELEGATES WERE SURPRISED AT THE FINDINGS AND ASKED THE SECRETARIAT ON A BILATERAL BASIS TO REVIEW COUNTRY SUBMISSIONS TO VERIFY DATA SUPPLIED AND DEVELOP ADDITIONAL INFORMATION. THE SECRETARIAT WILL

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REVISE THE PAPER BASED ON THESE CONTACTS.

8) OTHER BUSINESS:

THE SECRETARIAT GAVE AN ORAL REPORT ON THE ENERGY ALLOCATION SYSTEM AND DEMAND RESTRAINT MEASURES AT THE REQUEST OF DENMARK. THE NEXT CONSERVATION SUBGROUP MEETING WILL TAKE PLACE ON OCTOBER 20-21. VANCE

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